

Message Text

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17
ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-02 PA-01 PRS-01 /097 W
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R 161634Z JUL 75
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 6301
INFO USMISSION EC BRUSSELS
USMISSION GENEVA
USMISSION NATO
USMISSION OECD PARIS

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E.O. 11652: N/A
TAGS: EFIN, ECON, MASS, PINT, NL
SUBJECT: REPORTED POSTPONEMENT OF P-3 ORDER

REF: THE HAGUE 3427

1. USUALLY WELL-INFORMED AMSTERDAM DAILY DE VOLKSKRANT REPORTED JULY 15 THAT DUTCH NAVY PLANS TO DELAY ORDERS FOR FIRST OF NINE LOCKHEED P-3 ORION AIRCRAFT IN EFFORT TO SAVE 200 MILLION GUILDERS (ABOUT \$80 MILLION) OVER NEXT TWO TO THREE YEARS. POSTPONEMENT WAS SAID TO HAVE BEEN RESULT OF CABINET DECISION TO TAKE CUTS IT CONSIDERED NECESSARY IN DEFENSE BUDGET FROM NAVY'S HID RATHER THAN THROUGH UNILATERAL REDUCTION IN COMBAT-READY STRENGTH OF ARMY. (COMMENT: RELIABLE MAAG SOURCES INDICATE DE VOLKSKRANT ANNOUNCEMENT IS PROBABLY PREMATURE AND THAT NAVY IS STILL FIGHTING.)

2. REPORT BEARS OUT STATEMENT BY PRIME MINISTER DEN UYL AT CONCLUSION OF CABINET MEETING JULY 12 THAT PROBLEMS HAD ARISEN
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OVER 1976 BUDGETS OF MINISTRIES OF TRANSPORT AND DEFENSE.
DEN UYL WAS SPEAKING IN CONTEXT OF ALL DEPARTMENTS OF GOVERNMENT HAVING TO MAKE SACRIFICES.

3. DESPITE INDICATIONS IN DE VOLKSKRANT THAT CABINET HAS AGREED ON CUTTING DEFENSE BUDGET IN ORDER TO KEEP DOWN EXPENDITURES FOR NEXT YEAR, PRIME MINISTER REVEALED THAT BUDGET FOR 1976 WOULD SHOW "CONSIDERABLE GROWTH". THIS COMMENT IS SOMEWHAT SURPRISING AGAINST BACKGROUND OF STEEP RISE FROM 4.8 TO TEN BILLION GUILDERS IN ESTIMATED BUDGET DEFICIT FOR 1975 (THE HAGUE 3427), AND FINANCE MINISTRY CONCERN THAT CAPITAL MARKET WILL NOT PERMIT FURTHER SIGNIFICANT GOVERNMENT BORROWING.

4. COMMENT: NO FIGURES ON 1976 BUDGET WILL BE REVALED UNTIL CABINET HAS LOOK AT MACROECONOMIC ASSESSMENT, WHICH CENTRAL PLANNING BUREAU SHOULD COMPLETE BY MID-AUGUST. WE WILL HAVE TO WAIT FOR THESE FIGURES BEFORE WE CAN CONFIRM OUR SUSPICION THAT PRESSURES FROM PROGRESSIVE PARTIES IN COALITION TO PROVIDE ADDITIONAL FUNDS FOR UNEMPLOYED AND LOWER INCOME GROUPS ARE BEING MET AT LEAST IN PART BY PRUNING WHERE IT IS RELATIVELY EASIER POLITICALLY, FOR EXAMPLE FROM FUNDS FOR COUNTRY'S DEFENSE.
TANGUY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY BUDGET, ECONOMIC CONDITIONS, GOVERNMENT PROCUREMENT, BUDGET DEFICITS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975THEHA03589
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750246-1222
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197507103/baaaafcu.tel
Line Count: 76
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by ShawDG>; APPROVED <24 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EFIN, ECON, MASS, PINT, NL
To: STATE INFO EC BRUSSELS
GENEVA
NATO
OECD PARIS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

